

COVID-19 (coronavirus) and payroll tax

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30 November 2020

The NSW Government has announced tax relief measures as part of its economic package to help businesses impacted by COVID-19.

Payroll tax deferral and Stimulus Payment Arrangements for ALL businesses

Payroll tax deferral

Payroll tax customers had the option of deferring their payments until 30 October 2020 for the return periods March 2020 to September 2020.

The payroll tax deferral period for monthly payments has now ended and you are required to make a payment or lodge a 'nil return' for the October 2020 return period onwards.

The due date for the 2019/20 annual reconciliation was also extended to 30 October 2020.

After lodging, customers had the option of paying their outstanding liability in full or entering into a Stimulus Payment Arrangement.

25 per cent reduction for businesses with grouped Australian wages of \$10 million or less

Payroll tax customers whose total grouped Australian wages for the 2019/20 financial year are \$10 million or less, will have their annual tax liability reduced by 25 per cent when they lodge their annual reconciliation.

When lodging your annual reconciliation, you will still need to provide details of the wages paid for the entire financial year.

For customers that are or have been a member of a group during the 2019/20 financial year, you will also need to provide the group details of all group members in your annual reconciliation.

Threshold increase - 2020/2021 financial year

The tax-free threshold will increase from \$900,000 to \$1 million for the financial year commencing on 1 July 2020.

Frequently asked questions

Six month deferral arrangement

What return periods does the six-month payment deferral apply to?

You can defer your monthly payments for the March, April, May, July, August and September 2020 periods. No action is required if you defer these payments.

Do I still need to lodge my 2019/20 annual reconciliation?

Yes, you're still required to lodge your annual reconciliation, however, the due date for the 2019/20 annual reconciliation has been extended to 30 October 2020.

What happens after the six-month deferral period?

Between 26 October 2020 and 29 November 2020 customers can enter into a Payroll Tax Stimulus Arrangement.

Can I still make a monthly payment?

Yes, you can continue to make your monthly payments.

Do I need to enter my wage details in the monthly calculator?

No, you're not required to enter your wage information or advise us of your monthly liability.

However, if you normally use the monthly calculator, you can continue to do so as it will help when completing the annual reconciliation.

If my monthly tax liability is less than the threshold, do I still need to lodge a nil return like I normally would?

No, you're not required to lodge a nil return for March, April, May, July, August or September 2020.

I have set up direct debit after using the estimate method to calculate my monthly payments for the year. Do I have to cancel these?

Yes, you'll need to log onto the payroll tax online service to cancel all future payments.

Can I get my refund for the reduction now, or do I have to wait until the end of the financial year?

The reduction will be applied when you lodge your 2019/20 annual reconciliation and, if you're entitled to a refund, it will be paid at that time.

Payroll tax 25 per cent reduction for businesses with total group Australian wages of \$10 million or less for 2019/20 financial year

Who does the 25 per cent reduction apply to?

If you're not a member of a payroll tax group, the reduction will be available if your total Australian wages are \$10 million or less for the 2019/20 financial year.

If you're a member of a payroll tax group, the reduction will only be available if the group's total Australian wages are \$10 million or less for the 2019/20 financial year. All members will receive the 25 per cent reduction if the group's total Australian wages are \$10 million or less.

Do I need to register or apply to receive the reduction?

No, you don't have to register or apply for the reduction.

If your total group Australian wages are \$10 million or less for the 2019/20 financial year, the reduction will be automatically applied to your tax liability when you lodge your annual reconciliation.

What does 'total Australian wages paid or payable' mean?

Australian wages comprise of NSW wages and interstate wages paid or payable to an employee.

NSW wages are the wages subject to payroll tax under the NSW Payroll Tax Act.

Interstate wages are those wages subject to payroll tax in the other jurisdictions under their equivalent payroll tax legislation.

For members of a payroll tax group, total Australian wages are the NSW wages and Interstate wages paid or payable by all members of the group.

If I'm a member of a group, what information will I need to provide?

You'll need to provide the total Australian wages of all group members. They'll need to be separated into NSW wages and interstate wages in the 2019/20 annual reconciliation.

During the financial year, my group membership changed. How will this impact the reduction I am given?

If you were part of a group during the financial year, you'll need to consider the total group Australian wages for that period. When you lodge your annual reconciliation, you must disclose all the group members wages for that period.

What if I don't know what my total group wages are?

For the reduction to be applied, you'll need the wage details of all group members in NSW and interstate. This determines if your total group Australian wages are \$10 million or less for 2019/20 financial year.

If I don't have group details, can I lodge my annual reconciliation without claiming the 25 per cent reduction and apply the reduction later?

Yes. If you'd like to apply for the reduction after you have lodged your 2019/20 annual reconciliation and you have the group details, you can re-lodge your annual reconciliation.

I am an annual customer, how will the reduction be applied?

The reduction will be automatically applied when you lodge your 2019/20 annual reconciliation, if your total group Australian wages are \$10 million or less.

What happens if I'm a seasonal employer?

The reduction will be automatically applied when you lodge your 2019/20 annual reconciliation, if your total group Australian wages are \$10 million or less.

What happens if I'm only registering for payroll tax now?

If you're registering now and your total group Australian wages are \$10 million or less for the 2019/20 financial year, the reduction will be automatically applied to your tax payable figure when you lodge your annual reconciliation.

What happens if I'm not liable for the full year?

If you're still registered for payroll tax, you must lodge your annual reconciliation, and if your total group Australian wages are \$10 million or less for the year, the reduction will be automatically applied to your tax payable figure.

I cancelled my registration earlier in the year. Am I still entitled to the 25 per cent reduction? How do I apply?

If your total group Australian wages were \$10 million or less for the period you were employing during the 2019/20 financial year, you may be entitled to the reduction.

Contact payrolltax@revenue.nsw.gov.au to have your request reviewed.